

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2008 Legislative Session

Bill No. CB-45-2008

Chapter No. 39

Proposed and Presented by The Chairman (by request – County Executive)

Introduced by Council Member Dean

Co-Sponsors _____

Date of Introduction July 1, 2008

BILL

1 AN ACT concerning

2 Contract Approvals

3 For the purpose of approving Energy Savings and Lease Financing agreements for the purchase,
4 installation and financing of certain energy efficient equipment that is guaranteed to reduce
5 Prince George's County ("County") energy consumption and maintenance costs at County
6 building sites.

7 WHEREAS, pursuant to Section 819 of the Charter for Prince George's County, Maryland,
8 the County Council must approve all multiyear contracts exceeding an aggregate of Five
9 Hundred Thousand Dollars (\$500,000.00); and

10 WHEREAS, the County desires to contract with certain energy savings companies,
11 specifically, Pepco Energy Services, Inc. ("Pepco") and Johnson Controls, Inc. ("JCI"), to
12 design, install and maintain energy savings equipment (the "Equipment") that is guaranteed to
13 yield to the County, energy savings over a fifteen (15) year period, and to provide project
14 management, monitoring and verification of guaranteed energy savings and other services
15 pursuant to the terms and conditions contained herein as Attachments A and B; and

16 WHEREAS, the County desires to lease with the option to purchase from Grant Capital
17 Management, Inc. the Equipment to be purchased from Pepco and JCI pursuant to a Master
18 Lease having the terms and conditions contained herein as Attachments C and D; and

19 WHEREAS, the County desires to utilize escrow services for making progress payments to
20 the energy savings companies for construction related to Equipment installation.

21 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,

1 Maryland that the contracts having the terms and conditions described in Attachments A, B, C
2 and D be and the same are hereby approved, pursuant to Section 819 of the Charter.

3 SECTION 2. BE IT FURTHER ENACTED that the County Executive is hereby
4 authorized to make any modifications, adjustments, corrections or any other changes as may be
5 necessary to finalize any of these contracts in any manner the County Executive may deem
6 necessary or proper but not altering their substance.

7 SECTION 3. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
8 calendar days after it becomes law.

Adopted this 23rd day of July, 2008.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Samuel H. Dean
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Jack B. Johnson
County Executive

**ATTACHMENT A
TERM SHEET**

**PRINCE GEORGE'S COUNTY ENERGY PERFORMANCE CONTRACT
PEPCO ENERGY SERVICES TERM SHEET**

CONSTRUCTION AND INSTALLATION OF ENERGY SAVING EQUIPMENT

Total Project Capital Cost (for energy project management, equipment and construction):
\$3,171,619

Amount County shall pay from CIP Funds: \$347,718 (County to pay Pepco in 3 installments during first 90 days after construction begins)

Lease-Purchase Amount: \$2,823,900 (13 years at 4.4%)

County Facilities Affected: County Administration Building, Inglewood Center III, Largo Government Center, RMS Building, Hyattsville Justice Center, Central Communications Facility, and Public Works Maintenance Facility

Facility Improvement/Energy Conservation Measures: Energy Efficient Lighting and Controls, Water Conservation Fixtures, Cooling System Replacement, HVAC Controls Upgrades, Variable Frequency Drives for Air Handling Units, Repair and Re-installation of Solar Array

Energy Project Construction Schedule: 9 months

GRANT CAPITAL MANAGEMENT PROJECT MANAGEMENT

Oversight and Management of Pepco Construction and Installation: \$107,253

ANNUAL ENERGY/UTILITY BILL SAVINGS

Annual Guaranteed Energy Savings: \$266,564 of energy/utility bill savings per year (so long as equipment is used and maintained in accordance with the agreement. Savings amount increased 3% per year based on assumed rising energy prices.)

SAVINGS VERIFICATION SERVICES

Pepco Monitoring & Verification Services Term: 13 year term (services to measure and verify that the savings promised actually occur)

Pepco Monitoring & Verification Services Cost: \$10,600 per year (paid by County at end of each guarantee year. Cost increases 3% each year after Year #1.)

COUNTY COUNCIL REPORTING

Within ninety (90) days of the end of each Guaranteed Savings year, the Office of Central Services shall forward to the County Council the Annual Reconciliation Reports, a report detailing any irregularities/issues observed through the Monitoring and Verification processes, and any reports containing recommendations of the Energy Savings Companies, Project Management and/or County Energy Manager regarding the Energy Savings Project progress, shortfalls in guaranteed energy savings and adjustments to the Energy Savings equipment.

AUDITS AND INVESTIGATIONS

The Office of Audits and Investigations for Prince George's County, Maryland shall monitor the progress of the Energy Savings Projects and report annually its findings to the County Council.

**ATTACHMENT B
TERM SHEET**

**PRINCE GEORGE'S COUNTY ENERGY PERFORMANCE CONTRACT
JOHNSON CONTROLS, INC. (JCI) TERM SHEET**

CONSTRUCTION AND INSTALLATION OF ENERGY SAVING EQUIPMENT

Total Project Capital Cost (for energy project management, equipment and construction):
\$8,558,377

Amount County shall pay from CIP Funds: \$615,000 (County to pay at the start of construction)

Lease-Purchase Amount: \$7,943,377 (15 years and 3 months at 4.4%)

County Facilities Affected: County Courthouse, Police Services Complex and County Correctional Center

Facility Improvement/Energy Conservation Measures: Energy Efficient Lighting and Controls, Water Fixtures, Cooling Tower, HVAC Controls Upgrades, Chillers, Variable Frequency Drives, Demand Based Ventilation and HVAC Rooftop Units

Energy Project Construction Schedule: 15 months

GRANT CAPITAL MANAGEMENT PROJECT MANAGEMENT

Oversight and Management of JCI Construction and Installation: \$289,414

ANNUAL ENERGY/UTILITY BILL SAVINGS

Annual Guaranteed Energy Savings: \$713,989 of energy/utility bill savings per year so long as equipment is used and maintained in accordance with the agreement, e.g., County building temperature settings, etc. Savings amount increased 3% per year based on rising energy prices.

MAINTENANCE AND SAVINGS VERIFICATION SERVICES

JCI Monitoring & Verification Services Term: 14 year term (Services JCI will provide to measure and verify that the savings promised actually occur)

JCI Monitoring & Verification Services Cost: \$46,938 per year (paid by County at end of each guarantee year. Cost increases 3% each year after Year #1 for years 2 thru 14).

JCI HVAC Controls Maintenance Services: \$47,246 for Year #1 (under warranty), \$61,802 for Year #2, and increase by 3% each year thereafter for years 3 thru 14.

COUNTY COUNCIL REPORTING

Within ninety (90) days of the end of each Guaranteed Savings year, the Office of Central Services shall forward to the County Council the Annual Reconciliation Reports, a report detailing any irregularities/issues observed through the Monitoring and Verification processes, and any reports containing recommendations of the Energy Savings Companies, Project Management and/or County Energy Manager regarding the Energy Savings Project progress, shortfalls in guaranteed energy savings and adjustments to the Energy Savings equipment.

AUDITS AND INVESTIGATIONS

The Office of Audits and Investigations for Prince George's County, Maryland shall monitor the progress of the Energy Savings Projects and report annually its findings to the County Council.

**ATTACHMENT C
TERM SHEET**

**PRINCE GEORGE'S COUNTY ENERGY PERFORMANCE PROJECT FINANCING
GRANT CAPITAL MANAGEMENT LEASING TERM SHEET FOR ENERGY SAVINGS
EQUIPMENT AND SERVICES PROVIDED TO THE COUNTY BY
PEPCO ENERGY SERVICES**

Lessor: Grant Capital Management, Inc.

Lessee: Prince George's County, Maryland

Lease-Purchase Amount: \$2,823,900

Interest Rate: 4.40%

Background on Project: Energy Savings Measures for the County Administration Building, Inglewood Center III, Largo Government Center, RMS Building, Hyattsville Justice Center, Central Communications Facility, and Public Works Maintenance Facility

Asset Description: Lighting, Water Fixtures, Cooling System Replacement, Energy Management System, Roof Replacement, Gas Conversion and Solar Array Transformer Replacement

Lease Term: 13 Years and 9 months

Payment Frequency: Quarterly

Date of First Lease Payment: July 1, 2009

Amount of Payments: First Payment on July 1, 2009 is \$63,991. Subsequent quarterly payments for the 13 year period range from \$63,991 to \$85,257

Grant Capital Management, Inc. Minority Certification: Yes

Construction/Installation Payments Funded to Escrow: Yes

Expected Life of Escrow: 9 Months

Estimated Escrow Earnings: \$17,695. The Cash Investment Analysis will be run again prior to funding to have a more accurate estimate of the escrow earnings.

**ATTACHMENT D
TERM SHEET**

**PRINCE GEORGE'S COUNTY ENERGY PERFORMANCE PROJECT FINANCING
GRANT CAPITAL MANAGEMENT LEASING TERM SHEET FOR ENERGY SAVINGS
EQUIPMENT AND SERVICES PROVIDED TO THE COUNTY BY
JOHNSON CONTROLS, INC.**

Lessor: Grant Capital Management, Inc.

Lessee: Prince George's County, Maryland

Lease-Purchase Amount: \$7,943,377

Interest Rate: 4.40%

Background on Project: Energy Savings Measures for the Courthouse, Police Services Complex, and County Correctional Center

Asset Description: Lighting, Water Fixtures, Cooling Tower, Controls Upgrade, Chillers, and Demand Based Ventilation

Lease Term: 15 Years and 3 months

Payment Frequency: Quarterly

Date of First Lease Payment: August 21, 2009

Amount of Payments: First Payment on August 21, 2009 is \$166,762. Subsequent quarterly payments for the 14 year period range from \$166,764 to \$225,704.

Grant Capital Management, Inc. Minority Certification: Yes

Construction/Installation Payments Funded to Escrow: Yes

Expected Life of Escrow: 15 Months

Estimated Escrow Earnings: \$93,122. The Cash Investment Analysis will be run again prior to funding to have a more accurate estimate of the escrow earnings.